

## Message Text

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ACTION TRSE-00

INFO OCT-01 EUR-12 NEA-10 ISO-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05  
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R 051345Z APR 77  
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TO SECSTATE WASHDC 7685  
INFO AMEMBASSY ABU DHABI  
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USMISSION OECD PARIS UNN

C O N F I D E N T I A L KUWAIT 1792

E.O. 11652: GDS  
TAGS: EFIN  
SUBJECT: KUWAIT AND IMF AMENDMENT, QUOTA INCREASES AND WITTEVEEN  
PROPOSAL; INVESTMENT DISCLOSURE LEGISLATION

REF: STATE 066228

1. QUERIED APRIL ABOUT CURRENT STATUS AND OUTLOOK FOR  
KUWAIT'S ACCEPTANCE OF SECOND AMENDMENT TO IMF ARTICLES  
OF AGREEMENT AND CONSENT TO QUOTA INCREASE, FINANCE MINISTRY  
UNDERSECRETARY SHAIKH ALI KHALIFA AL-SABAH TOLD E/C SECTION  
CHIEF THAT BOTH HAD ALREADY BEEN APPROVED IN PRINCIPAL.  
DELAY IN RATIFICATION WAS CAUSED BY LONG TIME IT TOOK TO  
TRANSLATE DOCUMENTS INTO ARABIC, AND PILE UP OF DOCUMENTS  
AT COUNCIL OF MINISTERS FOR FINAL APPROVAL. FINAL  
APPROVAL WAS MERE FORMALITY, SHAIKH ALI SAID, BUT HE  
HESITATED TO VENTURE A GUESS HOW LONG THIS WOULD TAKE,  
GIVEN SOMETIMES CREAKY PROCEDURES AT COUNCIL OF MINISTERS.  
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EMBOFF INDICATED CONTINUED US INTEREST IN PASSAGE OF  
AMENDMENT AND QUOTA INCREASE.

2. ARTICLE IN APRIL 4 ARAB TIMES STATES THAT SUADI ARABIA  
IS UNDERSTOOD TO BE PREPARED TO CONTRIBUTE "AT LEAST  
\$4 BILLION TO A NEW \$14 BILLION SPECIAL FUND" PROPOSED BY  
IMF MANAGING DIRECTOR WITTEVEEN "TO HELP INDUSTRIALIZED

AND DEVELOPING NATIONS WITH PERSISTENT BALANCE OF PAYMENTS PROBLEMS". ARTICLE STATE THAT HALF OF NEW SPECIAL FUND WILL BE CONTRIBUTED BY OIL PRODUCERS, ESPECIALLY SAUDI ARABIA, KUWAIT AND UAE, AND THAT WITTEVEEN "IS UNDERSTOOD TO BE PROPOSING A LARGE INCREASE IN QUOTAS OVER AND ABOVE THE ONE-THIRD INCREASE NOW ON ITS WAY TO BEING APPROVED BY MEMBER COUNTRIES."

3. COMMENTING ON ARTICLE TO EMBOFF, SHAIKH ALI SAID THAT IT WAS INACCURATE IN THAT HE SERIOUSLY DOUBTED THAT OIL PRODUCING COUNTRIES WOULD CONTRIBUTE ANYWHERE NEAR HALF OF THE PROPOSED FUND. HIS CONVERSATIONS WITH SAUDI COLLEAGUES IN SAUDI ARABIA LAST WEEK LEAD HIM TO BELIEVE THAT THE SAUDI CONTRIBUTION TO SUCH A FUND WOULD BE NOWHERE NEAR \$4 BILLION. AS FOR KUWAIT, SHAIKH ALI SAID THE COMBINATION OF LOWER REVENUES AND LARGE FOREIGN ASSISTANCE EXPENDITURES MADE IT UNLIKELY THAT KUWAIT COULD CONTRIBUTE ANYTHING LIKE "THE FIGURE THAT THE US EXPECTED." AS FOR INCREASING IMF QUOTAS BEYOND THE INCREMENTS ALREADY AGREED TO, SHAIKH ALI SAID KUWAIT WAS OPEN TO SUCH SUGGESTIONS, BUT ONLY IF INCREASED CONTRIBUTIONS FROM THE OIL SURPLUS STATES WERE MATCHED BY INCREASES IN REAL VOTING POWER. THE US COULD NOT EXPECT LARGE INFUSIONS OF CAPITAL FROM THE OIL PRODUCING COUNTRIES INTO THE IMF IF THE ORGANIZATION REMAINED A PRIVATE CLUB FOR THE INDUSTRIALIZED COUNTRIES, UNDER-SECRETARY SAID.

4. EMBASSY WOULD APPRECIATE RECEIVING ANY FURTHER CONFIDENTIAL

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INFORMATION DEPT. CAN PROVIDE ON WITTEVEEN PROPOSALS AS WELL AS SECTION OF TRES. SECRETARY BLUMENTHALS TESTIMONY PROPOSED INVESTMENT DISCLOSURE PROVISIONS REFERRED TO IN WALL STREET JOURNAL ARTICLE OF MARCH 17 POUCHED HERE BY NEA/ARP. FATE OF THIS LEGISLATION REMAINS MATTER OF PARTICULAR INTEREST TO KUWAIT FINANCE MINISTRY. SUTHERLAND

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## Message Attributes

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Margaret P. Grafeld  
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22 May 2009  
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